

HOUSING & COMMUNITY DEVELOPMENT COMMITTEE MEETING

November 18, 2013

5th Floor Conference Room

Draft MINUTES

Committee Members Present: Jan Davis, Gordon Smith, Chris Pelly

Staff Present: Jeff Staudinger, Judy Daniels, Dave Hill, Tara Irby, Shannon Capezzali, Martha McGlohon, Cathy Ball, Marvin Feinblatt, Stephanie Monson, Mayor Terry Bellamy, Sandra Anderson

1. Minutes – The meeting minutes from October were approved.
2. Updates
 - a. Housing Trust Fund: Dave Hill provided an overview of the Housing Trust Fund accounts including a cash flow analysis. Going forward staff will present HTF data on a fiscal year basis. Projected funds are \$388,000 for the coming year. A Notice of Funding Availability will be made public.
 - b. Villas Lawsuit – Jeff Staudinger provided information about the Villas lawsuit. The Appeals Court has ruled in the City's favor regarding the taking. Resurgence LLC is asking the Supreme Court to consider the case; however with a unanimous Appeals Court and Superior Court ruling, the legal department has stated that it is less likely the Supreme Court will hear the case. The City plans to go to a jury trial on compensation next year. Martha McGlohon stated that the ruling in favor of the City has established that affordable housing is a public purpose. Staff will provide information about the court ruling with City Council.
 - c. East of the Riverway – Jeff Staudinger provided information as the TIGER II grant moves to the end of its period of performance. The Greenway design, including the Five Points Roundabout, is proceeding well. The Riverside Drive Development plan is proceeding as planned and will be presented to the AARRDC in December for review of the final draft. The design for 14 Riverside Drive may be added as a new element with a possibility for a visitor amenity or visitor center on the site. The issue of gentrification of artist districts will be addressed through a RFP process that is being drafted by the City to bring in a consultant on the issue. The Transportation Network Plan has completed an analysis of potential buildout scenarios throughout the East of the Riverway area. Transportation and public infrastructure options are being considered to serve those buildout scenarios. This study will be completed by the end of the year. A contract extension is required to add the additional elements to the planning process. A formal request by staff has gone to the FTA with a positive response so far.
 - d. Affordable Housing – Dave Hill provided an update on the Affordable Housing Advisory Committee's work on developer interviews. Around 15 interviews have been completed out of around 30 identified developers. Recommendations will come to the HCD committee as soon as December. Jeff Staudinger informed the Committee that he is also

working with a UNC-CH faculty member to develop a City of Asheville affordable housing scorecard to analyze the city's affordable housing investments compared to other similar cities. The report will be available by the end of the year.

- i. Jan Davis stated that he will appear on a NC Green Building Council panel on December 5 to discuss the City's affordable housing incentives. Martha McGlohon indicated that recent Appeals Court ruling on the Villas (clarifying that affordable housing is a public purpose) may make the provision in the Land Use Incentive Grant program requiring a developer to legally defend the incentive unnecessary. She will seek further legal input on that matter.

3. Unfinished Business

- a. HOME draw request/HTF Loan to Eagle Market Place: MHO has requested a draw of HOME funds for the Eagle Market Place project. Cathy Ball provided information about the history of the Eagle Market project and the current request to draw HOME funds without the requirement of matching funds and the contract draw schedule. Staff stated that this revision to the HOME grant agreement would have to go to Council for approval; However, Cathy Ball indicated that Housing Trust Funds might be available to draw, based upon the HCD Committee's recommendation from last meeting. Cathy Ball indicated that the Council resolution that approved the HTF allocation mistakenly included some provisions from the larger City CIP resolution, including a match requirement.
 - i. Cindy Weeks from MHO provided information about the reason for the request and the need for the contract change. MHO feels this HOME funding request does not require Council approval as it is only a City requirement and not an official HUD requirement. \$260,000 is currently needed to meet current expenses for the project. Cindy indicated that MHO had sufficient resources to pay these obligations, but did not want to incur interest charges. Cindy agreed to provide a closing schedule, and a revised draw schedule showing the sources and timing of anticipated draw of funds from each financing source.
 - ii. A motion was made by Gordon Smith to release \$250,000 in HTF funds upon receipt of a MHO draw request without requiring matching funds, and upon executing an amendment to the original HTF loan agreement. Chris Pelly Seconded. The motion passed unanimously.
 - iii. The request to amend the HOME contract was not acted upon by the Committee, except to refer the matter for full Council action at their December 10 meeting.
- b. Housing Authority of the City of Asheville CDBG Repurpose Request: David Nash of HACA presented a formal request to repurpose \$40,000 of CDBG funds for the Reid Center project for public facility activities. The specific uses of these funds will be determined prior to contract execution, and may include training equipment for the Kitchen Ready program, computer kiosks for the history research project, facility or equipment improvements, or community broadband access.

- i. A motion was made by Chris Pelly to recommend to City Council an Amendment to the 2011-2012 Annual Action Plan to approve the repurpose request. Seconded by Gordon Smith. The motion passed unanimously.
 - c. Bostic Place HTF Extension: Dave Hill presented information about this request to extend a HTF contract for \$120,000 to the end of 2014. The agreement is for the completion of four housing units. Staff recommends that 25% of the loan be repaid with each closing; the developer should provide a construction schedule to the city; the HCD Committee should revisit this issue if the first two homes are not completed by April 2014.
 - i. A motion was made by Gordon Smith to approve an extension to the Bostic Place loan agreement until December 30, 2014. Seconded by Chris Pelly. The motion passed unanimously.
- 4. New Business
 - a. 30 Rock Hill Place: Shannon Capezzali presented information about a CDBG rehabilitation deferred loan of \$39,000 that is undergoing foreclosure proceedings by the 1st lien holder which has a \$23,000 mortgage on the property. Information was provided about the history of the loan, an internal market analysis for the property, and repairs made in 1996. The City must determine whether to bid at the foreclosure auction on the property in order to protect its 2nd lienholder position. Staff recommends that the city bid on the property up to a maximum amount of \$40,000.
 - i. A motion was made by Chris Pelly to approve the bid on the property up to a maximum of \$65,000 which would cover the 1st lien of \$23,000 and the city's lien of \$39,000. Seconded by Gordon Smith. The motion passed unanimously.
 - b. 600 N. Skyloft: Dave Hill provided information about Unit 202A which has seen a significant reduction in its value since receiving a HTF loan in 2007. \$40,500 in Housing Trust Funds are due, however the maximum purchase price that the owner can obtain for the property is \$152,000 which would not repay the City's loan. Jeff Staudinger stated that policy changes have occurred which would prevent this type of loan from happening in the future. The HCD Committee is asked to accept 100% of the loan as a loss.
 - i. A motion was made by Gordon Smith to accept the loan loss. Seconded by Chris Pelly. The motion passed unanimously. City Council will be informed of the policy change.
 - c. CDBG Priorities for the 2014 cycle: Jeff Staudinger provided information about the upcoming CDBG grant cycle including existing funding priority areas. A new five-year consolidated plan will be drafted starting in 2014 using HUD software to assist with data analysis of needs. The city may also pursue an independent analysis of the areas affordability. A RFP could be published as early as January with the report available by June 2014. Staudinger indicated that the independent analysis could examine issues around housing availability and affordability not typically addressed in the HUD-required study.

- i. Gordon Smith stated a concern about Airbnb's and vacation rental housing in the community. Judy Daniels stated that those issues are being discussed now.
 - ii. Larry McCallum stated that an analysis of the transient nature of families would be valuable information for the community in terms of the affordable housing analysis.
 - iii. Gordon Smith stated that the Food Action Plan has identified a food component for CDBG applicants and will give preferential treatment to projects which incorporate a food component.
- d. 2014 ESG grant: The 2014 ESG grant has been approved for the second year. Additional administrative money was received. The HCD committee must approve the grant project funding for this year so that Council may vote on it.
 - i. A motion was made by Gordon Smith to approve the ESG funding. Seconded by Chris Pelly. The motion passed unanimously.
- e. Notice of Funds Availability: HTF applicants will be reviewed by the HCD committee in January. The committee may choose to evaluate its current policies at the December meeting. Cathy Ball provided information about a new Federal Home Loan Bank program which provides loans up to \$500,000 to cities for the purpose of providing down payment assistance to citizens with incomes of 80% or less of area median income. The City would be required to match those funds. A meeting will occur on December 5 to discuss the program with the FHLB representative. Jeff Staudinger asked the committee to consider that \$1 million in funds may only equate to 50 to 100 units of housing and that while an important possible resource is only a portion of a long-term solution to the affordability problem.
- f. Judy Daniels provided information about a meeting with a representative from Veterans Helping Veterans regarding a possible housing/therapeutic development. Staff would like to discuss how to better accommodate these types of services. More information will be provided to the HCD committee as available.

The next meeting of the HCD committee will be December 12, 2013 at 8:30 am in the 5th Floor Large Conference room of City Hall.